GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:3901
ANSWERED ON:13.12.2000
SETTING UP SMALL SCALE INDUSTRIES
ARUN KUMAR

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether the Government propose to increase the sum of loan amount to set up Small Scale Industries in villages;

(b) if so, the number of such Industries setup in the country so far;

(c) whether it is a fact that without proper security, banks are not sanctioned money to setup Small Scale Industries in the villages;

(d) if so, the facts therefor; and

(e) the measures taken/proposed by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a): As part of the comprehensive policy package for Small Scale Industries including those set up in the villages, various measures have been announced for improving the flow of credit. These include raising composite loans limit from Rs. 10 lakhs to Rs. 25 lakhs, enhancing aggregate turnover limit from Rs. 4 crore to Rs. 5 crores for the purpose of calculation of working capital, introduction of 12% credit linked capital subsidy for technology upgradation, raising project cost limit from Rs. 25 lakhs to Rs. 50 lakhs under National Equity Fund Scheme, etc.

(b): As per RBI, 22.72 lakh SSI accounts were operational at the end of March, 2000 with Public Sector banks.

(c) to (e): As per RBI norms, no collateral security is required on loans upto Rs. 5 lakhs to artisans, village and cottage industries and other SSI units. Further, in order to tackle the problem of collaterals faced by the SSI units, the Government has recently launched a Credit Guarantee Scheme under which collateral free loans upto Rs. 25 lakhs are available to SSI units.